

a) A short description of the functioning of the deposit.

USTD LINKED DEPOSIT (USTD):

The rate of interest offered is determined by the ongoing yield of matching tenor US treasury plus spread. The tenor of term deposit offered would be minimum of 6 months to maximum of 5 years. The rate of interest will be decided on the date of opening term deposit and remain fixed for the whole tenor of the deposit till maturity.

Tenor	Linked US treasury
6 Months to less than 12 months	6 M T Bill
12 Months to less than 2 years	12 Month T Bill
2 Years to less than 3 years.	2 Years UST
3 Years to less than 5 years	3 Years UST
5 years	5 Years UST

SOFR LINKED TERM DEPOSIT (SLTD)

The rate of interest offered will be based on daily compounded overnight SOFR rates published by New York Fed plus spread. The tenor of term deposit offered would be minimum 1 month to maximum 5 years.

Tenor	SOFR
1 Month to less than 12 months	Overnight SOFR
12 Months to less than 2 years	
2 Years to less than 3 years.	
3 Years to less than 5 years	
5 years	

b) Tenor of the deposit.:

USTD LINKED DEPOSIT (USTD):

The tenor of term deposit would be minimum of 6 months to maximum of 5 years.

SOFR LINKED DEPOSIT (SLTD):

The tenor of term deposit would be minimum of 1 month to maximum of 5 years.

c) Potential downside risk:

USTD linked deposit has no potential downside risk as the interest rate (plus spread) will be fixed for the whole tenor of the deposit depending on the spot UST rate.

For a longer tenure deposit, the interest received on SOFR linked term deposit might be lesser when compared to normal fixed deposit, in a declining interest rate scenario.

d) Applicable guarantees, if any, built in the product and limitations thereof.:

The deposits in SBI IBU are not covered by Deposit Insurance and the lender of Last resort (LOLR) facility is not available in IFSC.

e) Scenario analysis of returns on the deposit under three scenarios: the worst, the break-even and the best cases.

As per Table-1.

f) A qualitative description of the most important risk/s:

USTD linked deposit has no risk as it is a fixed rate deposit for the whole tenor.

g) Comparison with a standard term deposit of like tenor and amount.:

Particulars	Standard Term Deposit	USTD linked Term Deposit	SOFR Linked Term Deposit
Type of clients	Individuals / Corporate	Individuals / Corporate	Individuals / Corporate
Interest Rate	Fixed throughout the tenor	Fixed throughout the tenor based on the UST rates at the time of account opening	Floating based on daily spot overnight SOFR
Tenor	7 days to 5 years	6 months to 5 years	1 month to 5 years
Amount	No such requirement.	USD 0.25 mio to USD 100 mio (a higher amount upto USD 500 mio may be allowed subject to internal approvals).	USD 0.25 mio to USD 100 mio (a higher amount upto USD 500 mio may be allowed subject to internal approvals).
Premature withdrawal	Available.	Available for retail clients. Premature withdrawal facility may be permitted to corporate clients	Available for retail clients. Premature withdrawal facility may be permitted to corporate clients

		subject to internal approvals.	subject to internal approvals.
Compounding Frequency	Quarterly	Quarterly	Quarterly
Nomination Facility	Available.	Available.	Available.

h) Fees and costs involved:

A penalty of 0.25% will be levied on premature withdrawal of the deposit.

i) Circumstances under which the depositor may seek premature withdrawal of the deposit and associated costs:

Premature withdrawal is allowed for retail clients. Premature withdrawal facility may be permitted to corporate clients subject to internal approvals.

Table -1

Particulars	Scenario 1 - Best Scenario	Scenario 2 - Middle-of-the-road Scenario	Scenario 3 - Worst Scenario
Overnight SOFR Movement	Overnight SOFR increases over the booking rate	Overnight SOFR remains constant	Overnight SOFR decreases over the booking rate
Term Deposit Amount in USD	1,000,000	1,000,000	1,000,000
Tenor of Term Deposit in month	1	1	1
Booking rate excluding spread as on 01.03.2024 ie., overnight SOFR of 28.02.2024 is 5.31	5.31		
Interest on Maturity in USD	4,368.24	4,352.46	4,347.03
Difference in Interest Amount in USD	15.78	-	(5.43)
Note: For a longer tenure deposit, the interest received on SOFR linked term deposit might be higher / lesser when compared to normal fixed deposit, depending on market conditions.			

Overnight SOFR increases over the booking rate (illustrative)		
Date	Overnight SOFR	Interest Amount
01-03-24	5.31	145.08
02-03-24	5.32	145.40
03-03-24	5.32	145.37
04-03-24	5.32	145.39
05-03-24	5.33	145.51
06-03-24	5.32	145.39
07-03-24	5.32	145.40
08-03-24	5.32	145.41

09-03-24	5.33	145.51
10-03-24	5.33	145.53
11-03-24	5.32	145.40
12-03-24	5.32	145.41
13-03-24	5.33	145.51
14-03-24	5.32	145.40
15-03-24	5.33	145.60
16-03-24	5.33	145.63
17-03-24	5.33	145.63
18-03-24	5.33	145.65
19-03-24	5.33	145.65
20-03-24	5.33	145.70
21-03-24	5.33	145.70
22-03-24	5.33	145.71
23-03-24	5.33	145.75
24-03-24	5.33	145.76
25-03-24	5.34	145.84
26-03-24	5.34	145.89
27-03-24	5.34	145.90
28-03-24	5.34	145.96
29-03-24	5.35	146.05
30-03-24	5.35	146.11
Total Interest		4,368.24

Overnight SOFR decreases over the booking rate (illustrative)		
Date	Overnight SOFR	Interest Amount
01-03-24	5.31	145.08
02-03-24	5.31	145.04
03-03-24	5.31	145.04
04-03-24	5.31	144.99
05-03-24	5.31	145.02
06-03-24	5.30	144.81
07-03-24	5.30	144.77
08-03-24	5.30	144.77
09-03-24	5.30	144.77
10-03-24	5.30	144.77
11-03-24	5.30	144.77
12-03-24	5.30	144.77
13-03-24	5.31	145.02
14-03-24	5.31	145.04
15-03-24	5.31	144.96
16-03-24	5.30	144.85
17-03-24	5.30	144.87
18-03-24	5.31	144.96
19-03-24	5.31	144.99
20-03-24	5.31	144.96
21-03-24	5.30	144.69

22-03-24	5.30	144.69
23-03-24	5.30	144.71
24-03-24	5.31	145.02
25-03-24	5.31	145.04
26-03-24	5.31	144.96
27-03-24	5.30	144.85
28-03-24	5.31	145.08
29-03-24	5.31	145.02
30-03-24	5.30	144.71
Total Interest		4,347.03